



**KPa-BM Holdings Limited**  
**應力控股有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

(Stock code: 8141)

## **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors”) of KPa-BM Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## **FINANCIAL HIGHLIGHTS**

### **For the three months ended 31 December 2015**

#### *Comparing to the corresponding three months ended 31 December 2014*

- The Group's revenue amounted to approximately HK\$87.8 million for the three months ended 31 December 2015, representing an increase of approximately HK\$41.7 million or 90.5% compared with the three months ended 31 December 2014.
- The profit attributable to the owners of the Company was approximately HK\$8.8 million for the three months ended 31 December 2015, representing an increase of approximately HK\$6.7 million or 319.0% as compared with the three months ended 31 December 2014 was mainly due to the better progression of the construction projects for the three months ended 31 December 2015 compared to the three months ended 31 December 2014 in which several projects were delayed during the period.
- Earnings per share for the three months ended 31 December 2015 increased by 226.1% to HK cents 1.50 (three month ended 31 December 2014: HK cents 0.46).

### **For the nine months ended 31 December 2015**

#### *Comparing to the corresponding nine months ended 31 December 2014*

- The Group's revenue amounted to approximately HK\$230.4 million for the nine months ended 31 December 2015, representing an increase of approximately HK\$106.7 million or 86.3% compared with the nine months ended 31 December 2014.
- The profit attributable to the owners of the Company was approximately HK\$13.5 million for the nine months ended 31 December 2015, representing an increase of approximately HK\$8.8 million or 187.2% as compared with the nine months ended 31 December 2014 which was resulted from our business expansion with a project sum of approximately HK\$747.0 million as at 31 December 2015 (31 December 2014: HK\$643.2 million) which the Group had 100% interest after the completion of the Reorganisation of the group on 22 September 2015.
- Earnings per share for the nine months ended 31 December 2015 increased by 159.0% to HK cents 2.72 (nine months ended 31 December 2014: HK cents 1.05).

## UNAUDITED CONDENSED CONSOLIDATED THIRD QUARTERLY RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the unaudited condensed consolidated third quarterly results of the Group for the three months and the nine months ended 31 December 2015, together with the comparative unaudited figures for the corresponding periods in 2014, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2015

	Notes	Three months ended		Nine months ended	
		31 December	2014	31 December	2014
		2015	2014	2015	2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>87,847</b>	46,122	<b>230,356</b>	123,702
Cost of revenue		<u>(70,754)</u>	<u>(39,349)</u>	<u>(185,319)</u>	<u>(104,528)</u>
<b>Gross profit</b>		<b>17,093</b>	6,773	<b>45,037</b>	19,174
Other income and gains		<b>188</b>	233	<b>333</b>	412
Marketing and distribution expenses		<b>(219)</b>	(336)	<b>(764)</b>	(851)
Administrative and other operating expenses		<b>(5,800)</b>	(3,878)	<b>(24,962)</b>	(11,008)
Finance costs		<u>(402)</u>	<u>(221)</u>	<u>(852)</u>	<u>(558)</u>
<b>Profit before income tax</b>	5	<b>10,860</b>	2,571	<b>18,792</b>	7,169
Income tax expense	6	<u>(2,029)</u>	<u>(434)</u>	<u>(4,608)</u>	<u>(1,211)</u>
<b>Profit for the period</b>		<b>8,831</b>	2,137	<b>14,184</b>	5,958
<b>Other comprehensive income for the period</b>		<u>(10)</u>	<u>—</u>	<u>(44)</u>	<u>—</u>
<b>Total comprehensive income for the period</b>		<u><b>8,821</b></u>	<u>2,137</u>	<u><b>14,140</b></u>	<u>5,958</u>
<b>Profit for the period attributable to:</b>					
Owners of the Company		<b>8,831</b>	2,083	<b>13,484</b>	4,706
Non-controlling interests		<u>—</u>	<u>54</u>	<u>700</u>	<u>1,252</u>
		<u><b>8,831</b></u>	<u>2,137</u>	<u><b>14,184</b></u>	<u>5,958</u>

	<i>Notes</i>	Three months ended		Nine months ended	
		31 December		31 December	
		2015	2014	2015	2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the Company		<b>8,821</b>	2,083	<b>13,454</b>	4,706
Non-controlling interests		<u>—</u>	<u>54</u>	<u>686</u>	<u>1,252</u>
		<b><u>8,821</u></b>	<b><u>2,137</u></b>	<b><u>14,140</u></b>	<b><u>5,958</u></b>
		<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share</b>					
Basic and diluted earnings per share	8	<b><u>1.50</u></b>	<b><u>0.46</u></b>	<b><u>2.72</u></b>	<b><u>1.05</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

	Equity attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Exchange reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>Nine months ended</b>								
<b>31 December 2014 (unaudited)</b>								
At 1 April 2014	3,150	—	(850)	—	47,473	49,773	5,412	55,185
Profit for the period	—	—	—	—	4,706	4,706	1,252	5,958
Other comprehensive income for the period	—	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	4,706	4,706	1,252	5,958
Transactions with owners:								
Issue of shares by subsidiaries upon incorporation	1	—	—	—	—	1	—	1
	1	—	—	—	—	1	—	1
At 31 December 2014 (unaudited)	<u>3,151</u>	<u>—</u>	<u>(850)</u>	<u>—</u>	<u>52,179</u>	<u>54,480</u>	<u>6,664</u>	<u>61,144</u>
<b>Nine months ended</b>								
<b>31 December 2015 (unaudited)</b>								
At 1 April 2015	3,151	—	(850)	—	57,594	59,895	6,850	66,745
Profit for the period	—	—	—	—	13,484	13,484	700	14,184
Other comprehensive income for the period	—	—	—	(30)	—	(30)	(14)	(44)
Total comprehensive income for the period	—	—	—	(30)	13,484	13,454	686	14,140
Transactions with owners:								
Dividends declared (note 7)	—	—	—	—	(12,600)	(12,600)	—	(12,600)
Dividends paid to non-controlling interests (note 7)	—	—	—	—	—	—	(2,400)	(2,400)
Reorganisation	(3,151)	—	8,287	—	—	5,136	(5,136)	—
Issue of ordinary shares by way of placing (note 9)	1,500	43,500	—	—	—	45,000	—	45,000
Capitalisation (note 9)	4,500	(4,500)	—	—	—	—	—	—
Share issuance expenses	—	(5,058)	—	—	—	(5,058)	—	(5,058)
	<u>2,849</u>	<u>33,942</u>	<u>8,287</u>	<u>—</u>	<u>(12,600)</u>	<u>32,478</u>	<u>(7,536)</u>	<u>24,942</u>
At 31 December 2015 (unaudited)	<u>6,000</u>	<u>33,942</u>	<u>7,437</u>	<u>(30)</u>	<u>58,478</u>	<u>105,827</u>	<u>—</u>	<u>105,827</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2015. The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. Its principal place of business is located at 4/F, Henry Centre, 131 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong.

The Group is principally engaged in (i) the provision of structural engineering works for the public and private sectors in Hong Kong; and (ii) trading of building material products.

Pursuant to the reorganisation of the Company (the “Reorganisation”) in connection with the listing of shares of the Company on the GEM (the “Listing”), the Company has become the holding company of its subsidiaries now comprising the Group since 22 September 2015. The shares of the Company were listed on the GEM on 8 October 2015 (the “Listing Date”). Details of the Reorganisation are set out in the section headed “History, Reorganisation and Corporate Structure” to the prospectus of the Company dated 30 September 2015 (the “Prospectus”).

The condensed consolidated financial statements has not been audited but has been reviewed by the Audit Committee of the Company. The unaudited condensed consolidated results were approved for issue on 1 February 2016.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Except as for the adoption of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 April 2015, the accounting policies applied in preparing this unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 are consistent with those of the annual financial statements for the year ended 31 March 2015 set out in the Prospectus, as described in those annual financial statements. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2015.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

The unaudited condensed consolidated financial information has been prepared under the historical cost basis. These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

## 3. SEGMENT INFORMATION

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable segments:

Structural engineering works — This segment mainly engages in the provision of structural engineering works for public and private sectors in Hong Kong and the Group mainly acts as a subcontractor.

Trading of building material products — This segment engages in the sales and supply of building material products in Hong Kong, the People’s Republic of China (the “PRC”) (other than Hong Kong) and overseas.

Information regarding the Group's reporting segments including the reportable segment revenue, segment profit, reconciliation to revenue and profit before income tax are as follows:

<b>Three months ended 31 December 2015 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<i>Segment revenue</i>			
Sales to external customers	<u>86,380</u>	<u>1,467</u>	<u>87,847</u>
<i>Segment profit</i>	<u>16,534</u>	<u>559</u>	17,093
Corporate and unallocated income			188
Corporate and unallocated expenses			<u>(6,421)</u>
Profit before income tax			<u>10,860</u>
<b>Three months ended 31 December 2014 (unaudited)</b>	<b>Structural engineering works HK\$'000</b>	<b>Trading of building material products HK\$'000</b>	<b>Total HK\$'000</b>
<i>Segment revenue</i>			
Sales to external customers	<u>43,859</u>	<u>2,263</u>	<u>46,122</u>
<i>Segment profit</i>	<u>6,104</u>	<u>669</u>	6,773
Corporate and unallocated income			233
Corporate and unallocated expenses			<u>(4,435)</u>
Profit before income tax			<u>2,571</u>

Nine months ended 31 December 2015 (unaudited)	Structural	Trading of	Total
	engineering works	building material products	
	HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue</i>			
Sales to external customers	<u>225,665</u>	<u>4,691</u>	<u>230,356</u>
<i>Segment profit</i>	<u>43,123</u>	<u>2,005</u>	45,128
Corporate and unallocated income			242
Corporate and unallocated expenses			<u>(26,578)</u>
Profit before income tax			<u>18,792</u>
Nine months ended 31 December 2014 (unaudited)	Structural	Trading of	Total
	engineering works	building material products	
	HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue</i>			
Sales to external customers	<u>115,592</u>	<u>8,110</u>	<u>123,702</u>
<i>Segment profit</i>	<u>16,132</u>	<u>3,042</u>	19,174
Corporate and unallocated income			412
Corporate and unallocated expenses			<u>(12,417)</u>
Profit before income tax			<u>7,169</u>

#### 4. REVENUE

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from rendering structural engineering works	<u>86,380</u>	43,859	<u>225,665</u>	115,592
Revenue from trading of building material products	<u>1,467</u>	2,263	<u>4,691</u>	8,110
	<u>87,847</u>	<u>46,122</u>	<u>230,356</u>	<u>123,702</u>

## 5. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging the following:

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation in respect of:				
— Owned assets	181	108	404	352
— Leased assets	28	151	196	235
	<u>209</u>	<u>259</u>	<u>600</u>	<u>587</u>
Employee benefit expenses (including directors' emoluments)				
— Salaries, allowances and benefits in kind	8,385	6,138	19,975	15,718
— Contribution to defined contribution retirement plan	252	202	762	590
	<u>8,637</u>	<u>6,340</u>	<u>20,737</u>	<u>16,308</u>
Listing expenses	<u>—</u>	<u>—</u>	<u>8,176</u>	<u>—</u>

## 6. INCOME TAX EXPENSE

The amounts of income tax expense in the unaudited condensed consolidated statements of comprehensive income represent:

	Three months ended		Nine months ended	
	31 December		31 December	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax				
— Hong Kong Profits Tax for the period	1,969	434	4,548	1,211
— PRC Enterprise Income Tax ("EIT") for the period	60	—	60	—
Total income tax expense	<u>2,029</u>	<u>434</u>	<u>4,608</u>	<u>1,211</u>

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for the respective periods.

In accordance with the relevant PRC corporate tax laws, regulations and implementation guidance notes, the statutory EIT rate applicable to the Company's subsidiary in Shenzhen is 20% (2014: Nil).

No deferred tax has been provided in the unaudited condensed consolidated financial statements as there were no material temporary differences as at the end of the reporting periods.

## 7. DIVIDENDS

No dividend was paid or proposed by the Company since its incorporation, nor has any dividend been proposed since the end of reporting period and up to the date of the announcement. On 14 September 2015, the directors of certain subsidiaries declared interim dividends amounting to HK\$15,000,000 in aggregate, of which HK\$12,600,000 was attributable to owners of the Company whereas the remaining HK\$2,400,000 was attributable to the non-controlling interests. The dividend was settled by cash payments of HK\$4,950,000 whereas the remaining balance of HK\$10,050,000 was credited to the current accounts with the directors of the Company and related parties of the Group on 29 September 2015.

No interim dividend was declared for the nine months ended 31 December 2014.

## 8. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation on basic and diluted earnings per share is based on the following information:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>(Unaudited)</b>	(Unaudited)	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>				
Profit for the period attributable to owners of the Company	<u><b>8,831</b></u>	<u>2,083</u>	<u><b>13,484</b></u>	<u>4,706</u>
	<b>Number of shares (thousands)</b>			
<b>Shares</b>				
Weighted average number of ordinary shares in issue during the period	<u><b>588,587</b></u>	<u>450,000</u>	<u><b>496,364</b></u>	<u>450,000</u>

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the periods has been determined based on the assumption that the capitalisation issue had occurred on 1 April 2014.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

## **9. PLACING**

The Company successfully listed its shares on GEM on 8 October 2015. On 8 October 2015, the placing of 150,000,000 ordinary shares of the Company of HK\$0.01 each at the placing price of HK\$0.30 per placing share were allotted and issued.

Upon completion of the Placing, the issue of 449,999,900 ordinary shares of the Company at par to the shareholders of the Company on a pro-rata basis by way of capitalising an amount of HK\$4,499,999 from the share premium account of the Company which was approved by the shareholders of the Company on 22 September 2015 has and become unconditional.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Background, Recent Development and Outlook**

The Company was incorporated in the Cayman Islands with limited liability on 15 May 2015 as an exempted company and became the holding company of the subsidiaries comprising the Group on 22 September 2015. Details of the corporate reorganisation are set out in the section headed “History, reorganisation and corporate structure — Corporate restructuring” to the Prospectus.

The Company’s shares (the “Shares”) were successfully listed on GEM on 8 October 2015 (the “Listing”) by way of the placing (the “Placing”). The net proceeds from the Placing will strengthen the Group’s financial position and will enable the Group to implement its business plans set out in the Prospectus.

The Group is principally engaged in (i) the provision of structural engineering works with a focus on design and build projects in Hong Kong; and (ii) trading of building material products predominately in Hong Kong.

The entire Hong Kong construction companies are facing the challenge of the lack of new projects, the progress of scrutinising the funding proposals for public works projects by the Finance Committee (“FC”) and the Public Works Subcommittee (“PWSC”) has been slowed down due to political and social chaos in Hong Kong. Recently, the Hong Kong Government requested the FC and PWSC to hold extra meetings to speed up the above progress. Once the uncertainty of the above being solved, we believe that the Hong Kong Government’s continuing increase in major construction and infrastructure projects in Hong Kong will increase the demand of structural engineering works for coming years. With the strengthened financial position by the Placing and heightened corporate image by the Listing, the Group is in an advantageous position to capture more profitable projects and expand its business according to the business objectives and strategies set out in the Prospectus.

### **Financial Review**

#### ***Revenue***

The Group’s revenue grew by 86.3% from approximately HK\$123.7 million for the nine months ended 31 December 2014 (the “Previous Period”) to approximately HK\$230.4 million for the nine months ended 31 December 2015 (the “Period”), which was driven by the increase in structural engineering work projects in both public and private sectors undertaken during the Period. Key revenue contributing projects in public sector included recreational facilities and government departmental facilities, while key private sector projects mainly comprised commercial properties.

#### ***Cost of Revenue and Gross Profit***

The Group’s cost of revenue mainly comprised material and processing charges and subcontracting charges; the increase in cost of revenue for the Period was generally in-line with the rise in revenue. The gross profit margin for the Period improved to 19.6% from 15.5% for the Previous Period, which

was attributable to work done on projects with favourable margin during the Period. Meanwhile, during the three months ended 31 December 2015, the Group implemented various control measures to monitor project progress more closely, including more frequent and periodic review of project budgets against actual performance. From such review, management identified and made downward adjustments on budget profit of certain projects, resulting in a slight drop in gross profit margin for the three months ended 31 December 2015 to 19.5%, as compared to 19.6% for the Period.

### ***Administrative and Other Operating Expenses***

The Group's administrative expenses for the Period were approximately HK\$25.0 million, representing an increase of approximately HK\$14.0 million from the Previous Period due to the recognition of listing expenses amounted to HK\$8.2 million and an increase in staff costs as a result of business expansion.

### ***Finance Costs***

For the Period, the Group's finance costs were approximately HK\$852,000, representing an increase of approximately HK\$294,000 or 52.7%, which was mainly due to interest expenses on additional bank borrowings drawn during the Period to finance for the Group's business expansion and to improve liquidity.

### ***Income Tax Expense***

Income tax expense of the Group amounted to approximately HK\$4.6 million and HK\$1.2 million for the Period and Previous Period respectively. The increase in income tax expense was due to the increase in profit before income tax for the Period and listing expenses incurred in the Period which was not deductible for tax purpose, resulting in a rise in effective tax rate for the Period.

### ***Profit for the Period***

As a result of the increase in revenue, rise in gross profit margin and rise in administrative and other operating expenses, our profit and total comprehensive income for the period attributable to owners of our Company increase from approximately HK\$4.7 million for the Previous Period to approximately HK\$13.5 million for the Period, representing an increase of approximately 187.2%.

## *Liquidity, Financial Resources and Capital Structure*

	<b>As at 31 December 2015 (Unaudited) HK\$'000</b>	As at 31 March 2015 (Audited) HK\$'000
Current assets	<b>229,304</b>	136,444
Current liabilities	<b><u>136,389</u></b>	<u>80,077</u>
Current Ratio	<b><u>1.68</u></b>	<u>1.70</u>

During the nine months ended 31 December 2015, the Group financed its operations by its internal resources and bank facilities. As at 31 December 2015, the Group had net current assets of approximately HK\$92.9 million (31 March 2015: HK\$56.4 million), including cash of approximately HK\$40.9 million (31 March 2015: HK\$5.8 million). The Group's current ratio as at 31 December 2015 was 1.68 times (31 March 2015: 1.7 times).

As at 31 December 2015, the Group had a total available banking and other facilities of approximately HK\$82.5 million, of which approximately HK\$42.6 million was utilised and approximately HK\$39.9 million was unutilised and available for use.

The shares of the Company were listed on GEM of the Stock Exchange on 8 October 2015 and 150,000,000 of the Company's shares at a placing price of HK\$0.30 were issued on the same day. There has been no change in capital structure of the Company since 8 October 2015. As at 31 December 2015, the equity attributable to owners of the Company amounted to approximately HK\$105.8 million (31 March 2015: approximately HK\$59.9 million).

### ***Gearing Ratio***

The gearing ratio is calculated as total debt to equity. Total debts include bank borrowings and obligation under finance leases. Equity represents total equity of the Group.

The gearing ratio of the Group as at 31 December 2015 was approximately 39.8% (31 March 2015: 34.1%), the increase was mainly due to the combined effect of (i) declaration of dividend of HK\$15.0 million and (ii) drawdown of additional bank loans to finance the expansion in operation and improve the liquidity of the Group during the Period.

## **Foreign Currency Exposure and Treasury Policy**

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollar, United States Dollars, Pound Sterling, Euro and Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group and will closely monitor its foreign exchange position. During the Period, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **Pledge of Assets**

As at 31 December 2015, the Group had bank borrowings of HK\$41,379,000 (as at 31 March 2015: HK\$21,890,000) and banking facilities are secured by the followings:

- land and buildings with net carrying amount of HK\$5,065,000 and HK\$5,191,000 as at 31 December 2015 and 31 March 2015 respectively;
- bank deposits of HK\$13,250,000 and HK\$10,027,000 as at 31 December 2015 and 31 March 2015 respectively; and
- personal guarantees executed by Mr. Lui, Mr. Wai and Mr. Yip, directors of the Company. The personal guarantees provided by Mr. Lui, Mr. Wai and Mr. Yip for the banking facilities existed at the date of this announcement have been fully released, discharged or replaced by corporate guarantees or other securities provided by the Group.

As at 31 December 2015, the Group had pledged deposit of HK\$3,900,000 (31 March 2015: HK\$3,900,000), which represent deposits placed by the Group with an insurance company as collaterals for the surety bonds issued in favour of the customers of certain construction contracts. The aggregate bond values as at 31 December 2015 of HK\$11,446,000 (31 March 2015: HK\$11,446,000). The surety bonds are required for the entire period of the relevant construction contracts. As at 31 December 2015, the respective construction contracts are expected to be completed in year 2017 (31 March 2015: 2017).

## **Contingent Liabilities**

As at 31 December 2015, the Group did not have any significant contingent liabilities.

## Interim Dividend

The Board did not recommend a payment of an interim dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: Nil).

## Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 31 December 2015, the interests of the Directors in the share capital of the Company which were required to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

### *Long Positions In Shares Of The Company*

#### *(a) Interest in the shares of the Company*

<b>Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of issued ordinary shares</b>	<b>Percentage of the issued share capital of the Company</b>
Mr. Lui Bun Yuen Danny	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%
Mr. Wai Yat Kin	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%
Mr. Yip Pak Hung	Corporate interest	369,000,000	61.5%
	Beneficial owner	27,000,000	4.5%
	Interests held jointly	54,000,000	9.0%

(b) *Interest in the shares of an associated corporation*

**Name of associated corporation:  
Success Wing Investments Limited**

<b>Director</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares</b>	<b>Percentage of Shareholding</b>
Mr. Lui Bun Yuen Danny	Beneficial owner	240	29.3%
Mr. Wai Yat Kin	Beneficial owner	240	29.3%
Mr. Yip Pak Hung	Beneficial owner	240	29.3%

Save as disclosed above, as at the date of this announcement, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Rules 5.48 to 5.67 of the GEM Listing Rules to be notified to the Company and the Exchange.

## **Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company**

As at 31 December 2015, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of a Director, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company:

### ***Long positions***

#### *Ordinary shares of the Company*

<b>Name of shareholder</b>	<b>Capacity/ Nature of interest</b>	<b>Number of issued ordinary shares</b>	<b>Percentage of the issued share capital of the Company</b>
Success Wing Investments Limited	Beneficial owner	369,000,000	61.5%
Ms. Lam Suk Lan Bonnie	Interest of spouse	450,000,000	75.0%
Ms. Wu Janet	Interest of spouse	450,000,000	75.0%

Save as disclosed above, as at 31 December 2015, no other persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, or otherwise notified to the Company.

### **Share Option Scheme**

The Share Option Scheme was adopted by the shareholders of the Company and was effective on 22 September 2015. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. As at 31 December 2015, no share option was outstanding under the Share Option Scheme. During the period from 22 September 2015 to 31 December 2015, no share options were granted by the Company.

### **Purchase, Sale or Redemption of the Company's Listed Shares**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company from the Listing Date to the end of the reporting period, being 31 December 2015.

### **Corporate Governance and Compliance with the Corporate Governance Code**

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company adopted the code provisions of Appendix 15 Corporate Governance Code and Corporate Governance Report of the GEM Listing Rules as its own code (the “CG Code”) effective from the Listing Date and had complied with the CG Code since then and up to the date of this announcement.

### **Interest of the Compliance Advisor**

As notified by the Company’s compliance adviser, Messis Capital Limited (the “Compliance Adviser”), except for (i) Messis Capital Limited was the Company’s sponsor in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 30 September 2015, which commencing on 8 October 2015, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company as at 31 December 2015 which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **Audit Committee**

The Audit Committee comprises three independent non-executive Directors and chaired by Ms. Lai Pik Chi, Peggy, who has appropriate professional qualifications and experience as required by the GEM Listing Rules. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Period, which was of the opinion that such statements complied with the applicable accounting standards and requirements, and that adequate disclosures have been made.

By order of the Board  
**KPa-BM Holdings Limited**  
**Yip Pak Hung**  
*Chairman and Executive Director*

Hong Kong, 1 February 2016

*As at the date of this announcement, the executive Directors are Mr. Yip Pak Hung (chairman of the Board), Mr. Wai Yat Kin and Mr. Lui Bun Yuen, Danny and the independent non-executive Directors are Ms. Lai Pik Chi, Peggy, Mr. Lam Chi Wai, Peter and Dr. Yeung Kit Ming.*

*This announcement will remain on the website of the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at [www.kpa-bm.com.hk](http://www.kpa-bm.com.hk).*

\* *For identification purpose only*